

SENATE BILL No. 82

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3-2.

Synopsis: Taxation of civil service annuities. Provides a 100% income tax deduction for civil service annuity income received by an individual or the individual's surviving spouse. Phases in the deduction over five years. Repeals the current civil service annuity income tax deduction.

Effective: January 1, 2008 (retroactive).

Lewis, Steele

January 8, 2008, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

SENATE BILL No. 82

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3-2-3.8 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2008 (RETROACTIVE)]: **Sec. 3.8. (a) An individual**
4 **or the individual's surviving spouse is entitled to an adjusted gross**
5 **income tax deduction each taxable year the individual or the**
6 **individual's surviving spouse receives income from a federal civil**
7 **service annuity.**

8 **(b) For a taxable year beginning in 2008, the amount of the**
9 **deduction is equal to the result determined under STEP FOUR of**
10 **the following formula:**

11 **STEP ONE: Determine the amount of the federal civil service**
12 **annuity received by the individual or the individual's**
13 **surviving spouse during the taxable year beginning in 2008**
14 **and included in adjusted gross income under Section 62 of the**
15 **Internal Revenue Code.**

16 **STEP TWO: Multiply the STEP ONE result by twenty**
17 **percent (20%).**

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IN 82—LS 6309/DI 116+



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STEP THREE: Determine the lesser of the following:

(A) The STEP ONE result.

(B) Twelve thousand dollars (\$12,000).

STEP FOUR: Determine the greater of the following:

(A) The STEP TWO result.

(B) The STEP THREE result.

(c) For a taxable year beginning in 2009, the amount of the deduction is equal to the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount of the federal civil service annuity received by the individual or the individual's surviving spouse during the taxable year beginning in 2009 and included in adjusted gross income under Section 62 of the Internal Revenue Code.

STEP TWO: Multiply the STEP ONE result by forty percent (40%).

STEP THREE: Determine the lesser of the following:

(A) The STEP ONE result.

(B) Twelve thousand dollars (\$12,000).

STEP FOUR: Determine the greater of the following:

(A) The STEP TWO result.

(B) The STEP THREE result.

(d) For a taxable year beginning in 2010, the amount of the deduction is equal to the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount of the federal civil service annuity received by the individual or the individual's surviving spouse during the taxable year beginning in 2010 and included in adjusted gross income under Section 62 of the Internal Revenue Code.

STEP TWO: Multiply the STEP ONE result by sixty percent (60%).

STEP THREE: Determine the lesser of the following:

(A) The STEP ONE result.

(B) Twelve thousand dollars (\$12,000).

STEP FOUR: Determine the greater of the following:

(A) The STEP TWO result.

(B) The STEP THREE result.

(e) For a taxable year beginning in 2011, the amount of the deduction is equal to the result determined under STEP FOUR of the following formula:

STEP ONE: Determine the amount of the federal civil service

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annuity received by the individual or the individual's surviving spouse during the taxable year beginning in 2011 and included in adjusted gross income under Section 62 of the Internal Revenue Code.

STEP TWO: Multiply the STEP ONE result by eighty percent (80%).

STEP THREE: Determine the lesser of the following:

(A) The STEP ONE result.

(B) Twelve thousand dollars (\$12,000).

STEP FOUR: Determine the greater of the following:

(A) The STEP TWO result.

(B) The STEP THREE result.

(f) For taxable years beginning in 2012 and thereafter, the individual or the individual's surviving spouse is entitled to deduct one hundred percent (100%) of the federal civil service annuity received during the taxable year and included in adjusted gross income under Section 62 of the Internal Revenue Code.

SECTION 2. IC 6-3-2-3.7 IS REPEALED [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)].

SECTION 3. [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)] IC 6-3-2-3.8, as added by this act, applies only to taxable years beginning after December 31, 2007. IC 6-3-2-3.7, as in effect before its repeal by this act, applies to taxable years beginning before January 1, 2008.

SECTION 4. An emergency is declared for this act.

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